

CHAPTER 48
FAMILY INVESTMENT PROGRAM ELIGIBILITY
UNDER SELF-EMPLOYMENT DEMONSTRATION PROJECTS

PREAMBLE

A. THE SELF-EMPLOYMENT INVESTMENT DEMONSTRATION PROJECT (SEID)

1987 Iowa Acts, chapter 234, directed the department to establish, develop and monitor a self-employment investment demonstration (SEID) waiver program. SEID is a federal research project open to a limited number of states. The goal of this project is to remove public assistance policy disincentives for the family investment program recipients who pursue self-employment as a route to self-sufficiency. Recipient participation is voluntary.

As part of this project, the department has requested a waiver of certain federal and state requirements for up to one year for each participant.

In Iowa, the department will be implementing this pilot project in cooperation with the department of economic development (DED). DED will contract with local service provider(s) to furnish technical advice and business training for recipients who choose to participate in the project.

The complete program for each participant will last 15 to 18 months with up to 6 months follow-up by the service provider. Actual business operation will begin or expand after 1 to 6 months of assessment and training are completed.

Although self-employment investment demonstration program participants are generally treated the same as other family investment program recipients, there are some differences in treatment. This chapter specifies those differences in treatment and establishes the criteria for site selection.

B. IOWA'S SELF-EMPLOYED HOUSEHOLD INCENTIVE PROGRAM (ISHIP)

1991 Iowa Acts, chapter 267, directed that the department seek permission to apply the provisions of the self-employment investment demonstration statewide. ISHIP is a waiver-only program. No funds have been appropriated for ISHIP. ISHIP shall operate in the 87 counties not operating the SEID program to the extent that participating service providers are available.

Self-employment training programs and organizations offering entrepreneurial training who want to be an ISHIP service provider must sign a nonfinancial agreement with the department. The nonfinancial agreement shall provide a means for information sharing between the service provider and the department in order to maintain correct issuance of benefits and meet the needs of the ISHIP evaluation. Services provided to ISHIP participants by the provider must include, at a minimum, technical assistance for the self-employed. Other services may include orientation to self-employment, self-assessment, image building, entrepreneurial training, financial management, and ongoing assistance.

DIVISION I
FAMILY INVESTMENT PROGRAM—CONTROL GROUP
[Rescinded IAB 2/12/97, effective 3/1/97]

DIVISION II
FAMILY INVESTMENT PROGRAM—TREATMENT GROUP
[Prior to 10/13/93, 441—48.1(249C) to 48.3(249C)]

441—48.21(249C) Pilot project site selection criteria. The following criteria were used in determining the pilot project test site for SEID.

48.21(1) Current employment services in the area are limited to the department of workforce development (DWD) and the job training partnership Act (JTPA) program. The SEID component will serve to add an essential new set of employment alternatives.

48.21(2) The pilot program for the project will be operated in an area ordinarily not selected for such projects, but which is representative of the general nature of the state in regard to urban and rural populations. The test site, therefore, provides a model that could easily be expanded statewide if the pilot project proves to be a success.

48.21(3) The geographical area currently has limited opportunities, thus providing a distinct employment alternative.

48.21(4) The geographical area contains a large recipient caseload that can be used to test the model.

48.21(5) Contractor costs are minimized by proximity to Des Moines.

48.21(6) Contractor on-site time is maximized by the site's easy accessibility to Des Moines.

441—48.22(249C) Program area. The self-employment investment demonstration pilot project shall operate in Black Hawk, Bremer, Buchanan, Butler, Fayette and Grundy counties in the Waterloo district, and in Benton, Iowa, Johnson, Jones, Linn, and Washington counties in the Cedar Rapids district. Iowa's self-employed household incentive program shall operate in the 87 counties not designated as part of the self-employment investment demonstration pilot project.

441—48.23(249C) Family investment program eligibility. For the purpose of the self-employment investment demonstration program and Iowa's self-employed household incentive program, a family investment program recipient is defined as a person whose needs are included in the assistance grant. Persons who do not meet this definition shall not participate in either program and shall not be treated in accordance with this chapter. A person who loses recipient status while participating in either program may continue to receive services from the service provider but shall no longer be treated in accordance with this chapter.

Except as specified below, family investment program recipients, as defined above, participating in the self-employment investment demonstration program or Iowa's self-employed household incentive program shall be treated in accordance with 441—Chapters 7, 40 to 43, 45 and 46.

The following subrules are effective for the 12-month waiver period except for subrule 48.23(4) which is effective for the training and assessment period also. The 12-month waiver period means the 12 consecutive months beginning with the month in which a new self-employment enterprise begins or an existing self-employment enterprise expands.

48.23(1) Resources.

a. Income-producing property. Income-producing property used for the self-employment enterprise shall be exempt as a resource. Income-producing property means capital goods and equipment, durable goods, and work-related equipment. Capital goods and equipment and durable goods means items that are depreciable for federal income tax purposes and which generally have a life span of more than one year. Work-related equipment means the tools of a tradesperson or machinery of a farmer.

b. Nonhomestead real property. The net market value of any nonhomestead property used in the self-employment enterprise shall be exempt as a resource.

c. *Licensed vehicle.* The entire equity value of any licensed vehicle is excluded if the vehicle is used primarily for income-producing purposes. Primarily shall be defined as use of the vehicle over 50 percent of the time for income-producing purposes in the self-employment enterprise.

d. *Business bank account.* The participant shall be allowed to maintain a business bank account which shall be used exclusively for the self-employment enterprise. Up to \$5000 of the business bank account shall be exempt as a resource, as of the first day of each month. Any money in the account in excess of that amount shall be counted toward resource limitations, unless exempt in accordance with 441—paragraph 41.26(1)“f” or immediately used to reduce outstanding self-employment enterprise obligations.

e. *Cash reserve fund.* The participant shall be allowed a cash reserve fund, not to exceed \$3,000, which shall be used exclusively for business expenses. This fund is exempt as a resource.

48.23(2) Income.

a. *One hundred eighty-five percent gross-income test.* Up to an annual net profit of \$15,000 from the self-employment enterprise shall not be counted in the 185 percent test described at 441—41.27(239). Any net profit in excess of \$15,000 shall be counted in the 185 percent test.

b. *Business expense deductions.*

(1) The purchase of capital assets or durable goods shall be allowed as a business expense deduction, up to a limit of \$5000 during the waiver period.

(2) The total amount of payment, both principal and interest, on a business loan shall be an allowable business expense deduction, up to a limit of \$5000 during the waiver period.

(3) In no case shall the total amount of business deductions for purchase of capital equipment and loan payments exceed \$7500 during the waiver period.

(4) Deposits into the cash reserve fund described in 48.23(1)“e” shall be allowed as a business expense deduction when calculating self-employment income.

48.23(3) Two-parent families. Rescinded IAB 11/1/00, effective 1/1/01.

48.23(4) PROMISE JOBS. Participation in the SEID program beginning with Workshop II constitutes approved classroom training for the purpose of the PROMISE JOBS program. A SEID participant shall not be required to participate in any PROMISE JOBS activities, other than orientation, assessment and development of the employability plan, which would interfere with the person’s SEID participation.

Participation in the first activity offered as beginning self-employment training or technical assistance by the service provider shall be considered as beginning ISHIP participation. Participation in ISHIP shall be considered approved classroom training for the purposes of the PROMISE JOBS program.

These rules are intended to implement Iowa Code sections 239B.7, 239B.8, 249C.3, 249C.5 and 249C.7.

- [Filed emergency 11/25/87—published 12/16/87, effective 12/1/87]
- [Filed emergency 12/10/87—published 12/30/87, effective 12/10/87]
- [Filed emergency 3/18/88 after Notice 2/10/88—published 4/6/88, effective 4/1/88]
- [Filed emergency 6/9/88 after Notice 5/4/88—published 6/29/88, effective 7/1/88]
- [Filed 7/8/88, Notice 5/18/88—published 7/27/88, effective 9/1/88]
- [Filed emergency 6/29/89 after Notice 5/3/89—published 7/26/89, effective 7/1/89]
- [Filed 12/15/89, Notice 7/26/89—published 1/10/90, effective 3/1/90]
- [Filed emergency 9/28/90 after Notice 7/25/90—published 10/17/90, effective 10/1/90]
- [Filed 12/13/90, Notice 10/31/90—published 1/9/91, effective 3/1/91]
- [Filed emergency 11/15/91—published 12/11/91, effective 12/1/91]
- [Filed 1/15/92, Notice 12/11/91—published 2/5/92, effective 4/1/92]
- [Filed emergency 9/17/93—published 10/13/93, effective 10/1/93]
- [Filed 12/16/93, Notice 10/13/93—published 1/5/94, effective 3/1/94]
- [Filed emergency 1/15/97—published 2/12/97, effective 3/1/97]
- [Filed 4/11/97, Notice 2/12/97—published 5/7/97, effective 7/1/97]
- [Filed 6/10/99, Notice 4/21/99—published 6/30/99, effective 9/1/99]
- [Filed 10/11/00, Notice 8/23/00—published 11/1/00, effective 1/1/01]